

SENATE BILL NO. 381

INTRODUCED BY J. COBB

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING AGENCIES TO DEVELOP STRATEGIC PLANS; PROVIDING THAT THE STRATEGIC PLAN MUST CONTAIN PERFORMANCE MEASURES; PROVIDING FOR THE REQUIREMENTS OF PERFORMANCE MEASURES; PROVIDING FOR THE USE OF PERFORMANCE MEASURES; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Definitions. As used in [sections 1 through 6], the following definitions apply:

(1) "Agency" has the meaning provided in 2-15-102.

(2) "Outcome measure" means a quantifiable indicator of the public and customer benefits derived from an agency's actions.

(3) "Output measure" means a quantifiable indicator of the number of goods or services an agency produces.

(4) "Performance measures" means monitoring tools included in an agency's strategic plan that are intended to help guide government and make it accountable.

(5) "Strategic plan" means a ~~5-year~~ planning document, COVERING UP TO 5 YEARS, that contains the mission, goals, and objectives that the agency intends to accomplish and the performance measures that will track success in meeting the mission, goals, and objectives.

NEW SECTION. Section 2. Policy -- performance measures. (1) It is the policy of the legislature that agencies shall adopt comprehensive accountability systems. As part of the accountability systems, agencies shall develop strategic plans.

(2) The performance measures included in a strategic plan must indicate how progress toward an agency's goals and objectives is succeeding. Performance measures are intended to focus agency efforts in implementing legislative intent, prioritizing goals and objectives, and allocating resources. Performance measures must focus on key processes. Each measure must be central to the success of the process being

1 measured. The performance measures must be designed to provide information that is meaningful and that
2 is useful to decisionmakers.

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4 **NEW SECTION. Section 3. Criteria for measurement system.** (1) Each agency's system of
5 performance measures must satisfy the following criteria:

6 (a) The system must be result-oriented, focusing on outcome measures and output measures.

7 (b) The system must be selective, concentrating on the most important indicators of performance.

8 (c) The system must be useful, providing information that is of value to the agency and
9 decisionmakers.

10 (d) The system must be accessible and must provide periodic information concerning results.

11 (e) The system must be reliable, providing accurate and consistent information.

12 (2) Performance measures must be developed and revised as part of the strategic planning process
13 in even-numbered years. The performance measures should not be designed to report every agency activity
14 but must measure key processes and activities.

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16 **NEW SECTION. Section 4. System requirements.** All systems that support performance measure
17 data collection must have effective controls that provide reasonable assurance that the information is
18 properly collected and accurately reported. If directed by the legislative audit committee, the legislative
19 audit division may provide information concerning the accuracy of data collection and reporting.

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21 **NEW SECTION. Section 5. Legislative use of performance measures.** (1) During an interim, each
22 agency shall report performance data to the appropriate interim committee as provided for in Title 5,
23 chapter 5, part 2. Committees shall use performance data in reviewing agency strategic planning
24 documents. The committees may provide input on which measures best indicate the agency's success in
25 meeting goals and objectives and which measures best provide accountability information.

26 (2) When reviewing the strategies of agency management in implementing programs authorized
27 by the legislature, the committees ~~shall determine~~ **MAY PROVIDE INPUT ON:**

28 (a) the direct effects of each strategy on the agency's customers;

29 (b) the information that management needs to track progress toward achieving key goals and
30 objectives;

1 (c) the performance measures that best reflect the expenditure of the agency budget; and
2 (d) whether the performance measures clearly relate to the agency's mission, goals, objectives,
3 and strategic plan.

4
5 **NEW SECTION. Section 6. Agency use of performance measures.** Agency managers shall use
6 performance measures as an integral part of their strategic and operational management for an agency.
7 Performance measures must be derived from the agency's mission, goals, objectives, and strategies with
8 an emphasis on serving the agency's customers. Agencies shall review performance measures to
9 determine if the measures relate logically to other elements of the strategic plan and provide a focus on
10 serving customers.

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12 **NEW SECTION. Section 7. Codification instruction.** [Sections 1 through 6] are intended to be
13 codified as an integral part of Title 17, chapter 1, and the provisions of Title 17, chapter 1, apply to
14 [sections 1 through 6].

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16 **NEW SECTION. Section 8. Effective date.** [This act] is effective July 1, 2001.

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